



## **FINANCE COMMITTEE**

**SEPTEMBER 21, 2009**

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### **MINUTES**

#### **I. CALL TO ORDER**

Chair Nancy Backus called the meeting to order at 6:30 p.m. in the Council Conference Room at Auburn City Hall, located at 25 West Main Street in Auburn. Chair Backus, Vice Chair Bill Peloza and Member Lynn Norman were present. Present during the meeting were Mayor Peter B. Lewis; Assistant City Attorney Steve Gross; Finance Director Shelley Coleman; Planning, Building and Community Director Cindy Baker; Assistant Planning Director Kevin Snyder; Grant Writer Michael Wilson; Deputy Police Chief Bob Lee; and City Clerk Danielle Daskam.

#### **II. CONSENT ITEMS**

##### **A. Approval of Minutes**

##### **1. Minutes of the September 8, 2009 Finance Committee meeting.**

Vice Chair Peloza moved and Member Norman seconded to approve the September 8, 2009 minutes.

MOTION CARRIED UNANIMOUSLY. 3-0.

##### **B. Vouchers**

##### **1. Claims**

F4.9.5

Claims check numbers 388646 through 388976 in the amount of \$4,994,065.22 and dated September 21, 2009.

##### **2. Payroll**

F4.9.2

Payroll check numbers 527265 to 527357 in the amount of \$778,971.89 and electronic deposit transmissions in the amount of \$1,150,302.82 for a grand total of \$1,929,274.71

for the pay period covering September 3, 2009 to September 16, 2009.

Committee members reviewed the consent items and briefly discussed claim vouchers 388648, 388653, 388659, 388666, 388673, 388683, 388692, 388814, and 388830.

Vice Chair Peloza moved and Member Norman seconded to approve the vouchers.

MOTION CARRIED UNANIMOUSLY. 3-0.

### **III. ORDINANCES AND RESOLUTIONS**

#### **A. Ordinances**

There was no ordinance for Committee approval.

#### **B. Resolutions**

##### **1. Resolution No. 4526**

F5.4.1

A Resolution of the City Council of the City of Auburn, Washington, authorizing the Mayor to accept grant funds from the U.S. Department of Justice for Byrne Memorial Grant and acceptance of an Interlocal Agreement with the City of Seattle Police Department

Grant Writer Wilson explained that the City of Seattle Police Department is the regional grant coordinating agency for Justice Assistance Grant (JAG) funds. In order for the City to receive the JAG grant funding, the City must execute an interlocal agreement with the Seattle Police Department. The City of Auburn was awarded a grant in the amount of \$161,101 for the following programs: 1) \$40,000 for community policing; 2) \$50,000 for the Municipal Court's alternative to incarceration mental health and substance abuse program; and 3) \$71,101 for installation of a video surveillance system for the new city parking facility.

Vice Chair Peloza moved and Member Norman seconded to approve and forward Resolution No. 4526 to the full Council.

MOTION CARRIED UNANIMOUSLY. 3-0.

**2. Resolution No. 4528**

O4.4.13; F6.17

A Resolution of the City Council of the City of Auburn, Washington, authorizing the Mayor to sign a Financial Services Agreement with Breckenridge Consulting Services, Inc.

Grant Writer Wilson stated that Resolution No. 4528 and the Financial Services Agreement with Breckenridge Consulting Services is the precursor to initiation of New Market Tax Credits funding. New Market Tax Credits are an alternative financing structure that has been created by Congress to allow for investment of funds into communities for economic development purposes.

The City intends to fund and construct a new community center/activity center using New Market Tax Credits. The total project cost is \$11.2 million. The project will be funded utilizing a mix of existing City funds, a partnership with the Boys and Girls Club, Community Development Block Grant funds and a Housing and Urban Development (HUD) Section 108 loan, and New Market Tax Credits funding. Committee members briefly discussed the financing strategies for the project.

Due to the complexity of new market tax credit transactions, staff recommends the City retain financial consultant services to assist in navigating the City's new market tax credit financing initiative and coordinate/manage the process. The City solicited proposals from financial consultants and received responses from five firms, two of which are located in the Pacific Northwest. A panel consisting of Councilmember Wagner, Finance Director Coleman and Mr. Wilson interviewed the two firms and ultimately selected Breckenridge Consulting Services as the firm that best meets the City's financial service needs.

Vice Chair Pelosa moved and Member Norman seconded to approve and forward Resolution No. 4528 to the full Council.

**MOTION CARRIED UNANIMOUSLY. 3-0.**

**IV. DISCUSSION ITEMS**

**A. Ordinance No. 6266**

An Ordinance of the City Council of the City of Auburn, Washington, amending Title 15, Buildings & Construction, of the Auburn City Code

Committee members briefly reviewed Ordinance No. 6266.

**B. Resolution No. 4523**

A Resolution of the City Council of the City of Auburn, Washington, declaring certain items of property as surplus and authorizing their disposal

Committee members briefly reviewed Resolution No. 4523 which declares a seized/forfeited vehicle as surplus.

**C. Quarterly Investment Summary**

Committee members reviewed the quarterly investment portfolio summary for the period ending August 31, 2009.

**D. Update on SCORE Financing**

Finance Director Coleman presented a September 21, 2009 memo regarding SCORE debt options. The finance representatives from the SCORE member cities have been analyzing debt options for the SCORE project. Finance Director Coleman presented the pros/cons of issuing standard tax exempt bonds or Build America Bonds (BAB's), which offer a 35% tax credit to the issuing government on the amount of interest paid. Finance Director Coleman stated the BAB's are issued non tax exempt and therefore carry a higher interest rate. The 35% tax credit payable back to the issuer brings the true cost of interest on the issue to a level that is competitive and often preferable to tax exempt bonds. However, there are some limitations on how the bond proceeds may be used when compared to tax exempt bonds.

The recommendation is that SCORE issue Build America Bonds. The net positive cash flow to the City will average \$268,100 annually, and the total interest savings to the City is estimated at \$5.9 million over the term of the issue. The option of Build America Bonds will require the City to finance start up capital of \$1.223 million from an interfund loan.

**VI. ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 7:24 p.m.

APPROVED THE \_\_\_\_\_ DAY OF OCTOBER 2009.

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Nancy Backus, Chair

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Danielle Daskam, City Clerk